

Message Text

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70 62

ORIGIN PM-03

INFO OCT-01 EA-06 NEA-09 ISO-00 L-02 DODE-00 MC-02 AID-05

EB-07 IGA-01 OMB-01 TRSE-00 CIAE-00 INR-07 NSAE-00

SS-15 COME-00 ERDA-05 SP-02 /066 R

DRAFTED BY PM/MC:CBRYANT:PM/SAS:RSMITH:RF

APPROVED BY PM/SAS - SWINSHIP

NEA/ARN - MR. BLAKEMORE

EA/P - MISS SWIFT

L/PM - MR. BOREK

DOD/DSAA- MR. HOENIG

PM/SAS - MR. JAMES

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R 091722Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY AMMAN

AMEMBASSY MANILA

INFO USCINCEUR

CINCPAC HONO HI

C O N F I D E N T I A L STATE 108543

E.O. 11652:GDS

TAGS:MASS, IR, RP

SUBJECT:PROPOSED TRANSFER M-1 RIFLES

REFERENCE: (A) MAP AMMAN 0336 091424Z FEB 75

(B) MAP AMMAN 0432 221415Z FEB 75 (C) STATE 59629

(D) STATE 252945 NOV 15, 1974 (NOTAL)

1. IN INTERIM SINCE YOUR RECEIPT OF REF C, DEPARTMENT HAS
OBTAINED ADDITIONAL INFORMATION REGARDING GATEWAY INTER-
NATIONAL AND ITS ROLE IN PROPOSED TRANSFER OF M-1 RIFLES
FROM JORDAN TO PHILIPPINES. MR. SAM W. BRALY, GATEWAY
INTERNATIONAL, CALLED AT DEPARTMENT TO DISCUSS FIRM'S
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INVOLVEMENT IN PROPOSED TRANSFER OF M-1 RIFLES FROM GOJ TO

GOP. HE SAID FIRM LOCATED AT GATEWAY ONE BUILDING - SUITE 131, DULLES INTERNATIONAL AIRPORT, WASHINGTON, D.C. 20041; OFFICERS ARE STEVEN W. BAUMGART - PRESIDENT, BRALY - VICE PRESIDENT AND MRS. BAUMGART - TREASURER. BRALY INDICATED THAT FIRM PERFORMS BROKERING FUNCTION AND DOES NOT BUY AND SELL FOR ITS OWN ACCOUNT, AND THAT SAME ACTIVITIES ARE CONDUCTED IN FAR EAST BY A WHOLLY-OWNED SUBSIDIARY, BY ASSOCIATES INTERNATIONAL, LTD. HE ALSO STARTED THAT GATEWAY HAS A "PARTNERSHIP ARRANGEMENT" WITH MATTERHORN

RESOURCES INC., MANILA.

2. BRALY BROUGHT LETTER DESCRIBING GATEWAY'S PLACE IN PROPOSED TRANSACTION AS FOLLOWS: FIRM WAS INFORMED THAT GOJ HAD EXCESS M-1 RIFLES FOR SALE AND, SUBSEQUENTLY, THAT GOP WAS INTERESTED IN MAKING PURCHASE; GOP UNDER SECRETARY OF DEFENSE SALIENTES, AFTER DISCUSSION WITH JUSMAG MANILA, REQUESTED FIRM TO MAKE ARRANGEMENTS TO PURCHASE 5,000 M-1'S; DETAILS OF SALE HAVE BEEN COMPLETED; WEAPONS WILL BE SHIPPED DIRECTLY FROM JORDAN TO PHILIPPINES; JORDANIAN ARMY RESPONSIBLE FOR LOADING WEAPONS ABOARD SHIP. ENCLOSED WITH LETTER IS (A) COPY OF TELEGRAM TO GATEWAY FROM HQJAA ADVISING OF NEED FOR END-USE CERTIFICATE AND (B) COPY OF TELEX ADDRESSED TO CHIEF OF STAFF, JORDAN ARMED FORCES, AND SIGNED BY MANUEL Q. SALIENTES, UNDER SECRETARY, ASSERTING 5,000 M-1 RIFLES WOULD BE TRANSFERRED OR DISPOSED OF ONLY WITH USG APPROVAL.

3. GATEWAY IS NOT REQUIRED TO OBTAIN US EXPORT LICENSE FOR THIS TRANSACTION SINCE MATERIEL NOT BEING EXPORTED FROM OR TRANSITING U.S.

4. IT APPEARS FROM ABOVE THAT ARRANGMENTS BETWEEN GATEWAY AND JORDANIAN AND PHILIPPINE GOVERNMENTS ARE WELL ADVANCED. SINCE GATEWAY DOES NOT NEED EXPORT LICENSE, WE HAVE NO PARTICULAR CONCERN AT THIS POINT OVER FIRM'S BONA FIDES OR POSSIBLE LACK THEREOF. GATEWAY'S PROCLAIMED ROLE AS BROKER IN TRANSA(TION IS ULTIMATELY THE CONCERN OF THE CONFIDENTIAL

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TWO GOVERNMENTS INVOLVED. AT PRESENT TIME, OUR PRIMARY INTEREST IS TO MEET REQUIREMENTS OF USG THIRD PARTY TRANSFER PROCEDURES AS OUTLINED REF D. ACCORDINGLY, WE WILL INFORM CONGRESS THAT WE INTEND TO APPROVE TRANSACTION, BUT BEFORE DOING SO, WE NEED TO KNOW WHETHER NUMBER OF RIFLES BEING TRANSFERRED IS 5,000 OR 10,000. REF A REFERRED TO 500 RIFLES BUT WE ASSUME THIS WAS TELEGRAPHIC ERROR AND THAT ACTUAL FIGURE WAS 5,000; REF B SAID TOTAL

FIGURE WAS 10,000; GATEWAY LETTER TO DEPARTMENT OF MARCH 24 USED FIGURE OF 5,000. WE ALSO NEED KNOW HOW MANY OF M-1'S BEING TRANSFERRED WERE OF FMS-ORIGIN AND HOW MANY WERE COMMERCIALY OBTAINED BY GOJ (REF A REPORTED THAT ALL RIFLES WERE FMS-ORIGIN, WHILE REF B STATED THAT SOME WERE OBTAINED COMMERCIALY), SINCE, AS NOTED REF D, THERE IS NO NOTIFICATION OF THIRD-PARTY TRANSFERS OF US MILITARY EQUIPMENT OBTAINED COMMERCIALY BY TRANSFERRING PARTY. EMBASSY AMMAN IS REQUESTED TO CLARIFY THESE QUESTIONS WITH GOJ.

B. FOR MANILA: DESPITE GATEWAY'S REPORTED RECEIPT OF THIRD PARTY TRANSFER ASSURANCES FROM GOP OFFICIAL, SUCH ASSURANCES MUST, AS NOTED REF D (WHICH WE ARE REPEATING TO YOU) BE PROVIDED IN WRITING TO USG. ONCE NUMBERS QUESTION IS RESOLVED, DEPARTMENT WILL PROVIDE STANDARD TEXT BY SEPTTEL AND REQUEST EMBASSY TO OBTAIN ASSURANCES BY DIPLOMATIC NOTE. IN MEANTIME, EMBASSY MAY WISH TO COMMENT ON THIS TRANSACTION BEFORE WE INFORM THE CONGRESS. KISSINGER

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